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Message Text

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45
ACTION STR-04

INFO OCT-01 IO-13 ISO-00 OIC-02 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01

AF-08 ARA-06 EA-07 EUR-12 NEA-10 STRE-00 /138 W
---------- 032037
P 211535Z APR 76
FM USDEL MTN GENEVA
TO SECSTATE WASHDC PRIORITY 1414

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ACTION STR

H PASS CODEL

E.O. 11652: N/A
TAGS: ETRD MTN
SUBJECT: SUBSIDIES/COUNTERVAIL

REF: MTN GENEVA 2685

1. US MTN DEL BELIEVES THAT THERE MAY BE A POSSIBLITY TO INFLUENCE THE STRUCTURE OF THE SECRETARIAT CHECK-LIST OF POSITIONS ON VARIOUS ISSUES RAISED IN THE NTM SUBGROUP SUBSIDIES/COUNTERVAILING DUTIES. BEST WAY TO PURSUE THIS WOULD BE BY QUICK SUBMISSION OF US PRESENTATION WELL IN ADVANCE OF MAY 17 DEADLINE.

2. GATT SEC (LINDEN) ADVISED US SECRETARIAT INTENDS TO START WORK ON CHECK-LIST NEXT WEEK. LINDEN RECEPTIVE TO ANY SUGGESTIONS US MAY HAVE ABOUT ORGANIZATIONS OF DOCUMENT. HE RECALLED NO OBJECTION RAISED AT LAST MEETING TO EC
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SUGGESTION THAT CHECK-LIST FOLLOW NUMERICAL ORDER OF GATT

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ARTICLES. (US REP, IN CONSULTATION WITH WASHINGTON ADVISORS,
DECIDED AGAINST RAISING OBJECTION TO THIS BECAUSE OF
EXPECTATION US UP-DATED SUBMISSION WOULD CLAIM THAT
SUBSIDIES UNDERMINE LEVELS OF PROTECTION BOUND UNDER GATT
ARTICLE II; WE COULD THUS ENSURE THAT IF SEC DECIDED TO
FOLLOW EC SUGGESTION, AT LEAST ONE POINTED REFERENCE TO
PROBLEMS CAUSED BY SUBSIDIES WOULD PRECEDE SECTION OF
PAPER ON CVD EVEN THOUGH PURPOSE OF EC SUGGESTION WAS TO
HAVE TREATMENT OF CVD IN ARTICLE VI PRECEDE SUBSIDIES IN
ARTICLE XVI.)

3. MTN DEL SUGGESTS CONTENTS OF NEW US SUBMISSION CON-
TAIN FOLLOWING ELEMENTS:
(A) AFFIRMATION OF ORIGINAL US CONCEPTS PAPER;
(B) SUBSIDY TOPICS AND RELEVANT BACKGROUND INFORMA-
TION CONTAINED IN TPSC DOCUMENT 76-18 WITH REFERENCE TO
UNDERMINING ARTICLE II LISTED FIRST;
(C) ADDRESS KEY ISSUES THAT HAVE BEEN RAISED BY OTHER
DELS OR ARE EXPLICITLY COVERED BY GATT ARTICLES BUT HAVE NOT
BEEN DISCUSSED SPECIFICALLY IN ANY US SUBMISSION TO DATE.

4. POSSIBLE TOPICS ENVISAGED UNDER PARA (C) ABOVE WOULD BE:
(A) COMMENT ON LDC ARGUMENT THAT THEY ARE FREE TO
SUBSIDIZE SINCE THEY HAVE NOT SIGNED PROTOCOL GIVING EFFECT
TO ARTICLE XVI:4 (GATT DOCUMENT MTN/NTM/W/27, PAGE 4),
US REP ORALLY COUNTERED LDC ARGUMENT DURING MARCH MEET-
ING BY CITING RECOGNITION BY ALL CPS IN PARA XVI:2 THAT
ANY SUBSIDY CAN HAVE HARMFUL EFFECTS CAUSING UNDUE
DISTURBANCE TO COMMERCIAL INTERESTS.
(B) US RESPONSE TO INDIAN PROPOSAL PER TALKING
POINTS USED IN US MTN DEL AT PREVIOUS SUBGROUP MEETING.
(C) NEED FOR REASSESSMENT OF TAX RULES CONTAINED IN
AD ARTICLE XVI.
(D) POSSIBLE SUBSIDY IMPLICATIONS BY USE OF MULTIPLE
EXCHANGE RATES NOTED IN AD ARTICLE XVI.
(E) ADEQUACY OF AD ARTICLE XVI AND/OR ARTICLE VI:7
IN DEALING WITH PRIVATE AND/OR GOVERNMENTAL POOLING
ARRANGEMENTS SUCH AS THOSE US HAS OUTLINED IN ITS SUBSIDY
NOTIFICATION AGAINST AUSTRALIA.
(F) URUGUYAN ORAL SUGGESTION AT MARCH MEETING THAT
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DCS SHOULD RESPECT NOTIFICATION/ CONSULTATION PROVISIONS
OF GATT ARTICLE XIX THATHER THAN AUTOMATICALLY APPLYING
CVD TO IMPORTS FROM LDCS CONSIDERED BY DCS TO BE INJURIOUS.
(G) SIMILAR POINT MADE BY SEVERAL LDC REPS AT MARCH
MEETING SUGGESTING DCS ALREADY OBLIGATED BY ARTICLE XXXVII:3(C)
TO EXPLORE ALL POSSIBILITIES FOR "CONSTRUCTIVE REMEDIES"
BEFORE AUTOMATICALLY APPLYING CVD TO IMPORTS FROM LDCS.
WALKER

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